



STATE OF CONNECTICUT OFFICE OF POLICY AND MANAGEMENT

Testimony of Robert Genuario
Secretary of the Office of Policy and Management
Before the Commerce Committee
February 28, 2009

Thank you for the opportunity to present this testimony concerning Raised Committee Bill 5586, **AN ACT ESTABLISHING AN ACCOUNT FOR BROWNFIELDS REMEDIATION AND REDEVELOPMENT** and Raised Committee Bill 5589, **AN ACT CONCERNING BROWNFIELDS**.

In each of the last two legislative sessions, the Administration and the General Assembly have worked together to pass significant brownfields legislation. We look forward to continuing to work with the legislature to encourage brownfield redevelopment, which helps the state meet both environmental and economic development goals. Brownfield redevelopment is consistent with, and helps to accomplish, the Governor's Responsible Growth initiative as well.

However, while we remain committed to brownfield redevelopment efforts, we can not support Raised Committee Bill 5586. There are two principal reasons for this position.

First, Raised Committee Bill 5586 establishes "a separate non-lapsing account" within the General Fund to fund DECD staff positions and "interagency cooperation" on brownfield redevelopment. Effectively, it places those expenditures off budget and outside the normal budget process. That is inconsistent with sound budget practice and undercuts the budgetary authority of both the Governor and the General Assembly.

Second, the bill appropriates \$75 million in FY 2009 funding to the Department of Economic and Community Development for brownfield programs. As worthy as those programs may be, the proposed appropriation puts the FY09 General Fund budget out of balance and raises expenditures above the level permitted under the spending cap.

I also want to touch briefly on Raised Committee Bill 5589, **AN ACT CONCERNING BROWNFIELDS**. As you know, last year we worked together to craft Public Act 07-233 which was ultimately passed by the General Assembly and signed by the Governor. Public Act 07-233 created a comprehensive funding mechanism for brownfield assistance. Based upon our reading of the bill and the existing law, it appears virtually all of the assistance provided for in Raised Committee Bill 5589 can already be provided under existing law.

Raised Committee Bill 5589 also provides, in Section 3, for a 100% credit against either the personal income tax or the corporation business tax. It further allows entities, such as municipalities to earn credits and then sell them to taxpayers who could then apply the credits to their taxes.

At the outset I should note that while tax credits do not require the expenditure of funds they are not cost free since every dollar of tax credits is a dollar less revenue available to the state. Beyond that, we have at least two concerns with the proposed tax credit. First, the 100% tax credit is extraordinarily generous for a state tax credit. Second, the fact that Connecticut's personal income tax is designed to be relatively simple and relatively easy to administer militates against additional credits against it.

Finally, this bill appropriates \$32 million to DECD in each of the next two years. Again, these proposed expenditures would cause the state to violate the spending cap and for that reason we can not support them.

Brownfield redevelopment continues to be an important part of the administration's responsible growth and economic development efforts. We look forward to working with this committee to encourage sound redevelopment projects.